

1 CABINET FOR HEALTH AND FAMILY SERVICES

2 Department for Medicaid Services

3 Commissioner's Office

4 (Repealer)

5 907 KAR 10:826. Repeal of 907 KAR 10:825.

6 RELATES TO: 42 U.S.C. 1396a

7 STATUTORY AUTHORITY: KRS 13A.310(1), 194A.030(2), 194A.050(1), 205.520(3)

8 NECESSITY, FUNCTION, AND CONFORMITY: The Cabinet for Health and Family  
9 Services, Department for Medicaid Services has responsibility to administer the Kentucky  
10 Medicaid Program. KRS 205.520(3) authorizes the cabinet, by administrative regulation,  
11 to comply with any requirement that may be imposed, or opportunity presented, by  
12 federal law to qualify for federal Medicaid funds. This administrative regulation, in  
13 accordance with KRS 13A.310(3)(a), repeals 907 KAR 10:825 effective October 1, 2015.  
14 907 KAR 10:825 is being repealed because the subject addressed in it will be addressed  
15 in another administrative regulation.

16 Section 1. Effective October 1, 2015, 907 KAR 10:825, Diagnosis-related group (DRG)  
17 inpatient hospital reimbursement shall hereby be repealed.

907 KAR 10:826

REVIEWED:

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Date

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Lisa Lee, Commissioner  
Department for Medicaid Services

APPROVED:

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Date

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Audrey Tayse Haynes, Secretary  
Cabinet for Health and Family Services

907 KAR 10:826

## PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall, if requested, be held on April 21, 2015 at 9:00 a.m. in the Health Services Auditorium, Suite C, Health Services Building, First Floor, 275 East Main Street, Frankfort, Kentucky, 40621. Individuals interested in attending this hearing shall notify this agency in writing by April 14, 2015 five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. The hearing is open to the public. Any person who attends will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to attend the public hearing, you may submit written comments on the proposed administrative regulation. You may submit written comments regarding this proposed administrative regulation until April 30, 2015. Send written notification of intent to attend the public hearing or written comments on the proposed administrative regulation to:

CONTACT PERSON: Tricia Orme, [tricia.orme@ky.gov](mailto:tricia.orme@ky.gov), Office of Legal Services, 275 East Main Street 5 W-B, Frankfort, KY 40601, Phone: (502) 564-7905, Fax: (502) 564-7573.

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Administrative Regulation Number: 907 KAR 10:826  
Cabinet for Health and Family Services  
Department for Medicaid Services  
Agency Contact Person: Stuart Owen (502) 564-4321

- (1) Provide a brief summary of:
  - (a) What this administrative regulation does: This administrative regulation, in accordance with KRS 13A.310(3)(a), repeals 907 KAR 10:825, Diagnosis-related group (DRG) inpatient hospital reimbursement effective October 1, 2015. 907 KAR 10:825 establishes provisions regarding a particular reimbursement model – based on diagnosis related groups or DRGs – which the Department for Medicaid Services will no longer employ effective October 1, 2015. This repealer administrative regulation is being promulgated in concert with 907 KAR 10:830, inpatient acute care hospital reimbursement, which will establish (effective October 1, 2015) a new reimbursement model for inpatient acute care hospital services provided to Medicaid recipients who are not enrolled with a managed care organization.
  - (b) The necessity of this administrative regulation: It is necessary to repeal 907 KAR 10:825 as DMS is implementing a new reimbursement model for acute care inpatient hospital services addressed in a new administrative regulation.
  - (c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the content of the authorizing statutes by repealing an administrative regulation which contains a reimbursement methodology that DMS is ending.
  - (d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation conforms to the content of the authorizing statutes by repealing an administrative regulation which contains a reimbursement methodology that DMS is ending
- (2) If this is an amendment to an existing administrative regulation, provide a brief summary of:
  - (a) How the amendment will change this existing administrative regulation: This is a not an amendment to an existing administrative regulation.
  - (b) The necessity of the amendment to this administrative regulation: This is not an amendment to an existing administrative regulation.
  - (c) How the amendment conforms to the content of the authorizing statutes: This is not an amendment to an existing administrative regulation.
  - (d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This is not an amendment to an existing administrative regulation.
- (3) List the type and number of individuals, businesses, organizations, or state and local government affected by this administrative regulation: This administrative

regulation affects inpatient acute care hospitals participating in the Medicaid Program. Currently, there are 107 such hospitals.

- (4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:
  - (a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment. No action is required of regulated entities or individuals.
  - (b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3). No cost is imposed on regulated entities or individuals.
  - (c) As a result of compliance, what benefits will accrue to the entities identified in question (3). No compliance is required as this is an administrative regulation that repeals an existing administrative regulation.
- (5) Provide an estimate of how much it will cost to implement this administrative regulation:
  - (a) Initially: The administrative regulation imposes no cost on the Department for Medicaid Services.
  - (b) On a continuing basis: The administrative regulation imposes no cost on the Department for Medicaid Services.
- (6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: No funding is necessary to implement the administrative regulation.
- (7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No fee nor funding increase is necessary to implement the administrative regulation.
- (8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: The administrative regulation neither establishes nor increases any fee.
- (9) Tiering: Is tiering applied? Tiering is not applied as this is a repealer administrative regulation.

## FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Administrative Regulation Number: 907 KAR 10:826

Agency Contact Person: Stuart Owen (502) 564-4321

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Department for Medicaid Services will be affected by this administrative regulation.
2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 13A.310(1), 194A.030(2), 194A.050(1), 205.520(3)
3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.
  - (a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This administrative regulation will generate no revenue for state or local government.
  - (b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This administrative regulation will generate no revenue for state or local government.
  - (c) How much will it cost to administer this program for the first year? This administrative regulation imposes no administrative cost on the Department for Medicaid Services.
  - (d) How much will it cost to administer this program for subsequent years? This administrative regulation imposes no administrative cost on the Department for Medicaid Services.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): \_\_\_\_\_

Expenditures (+/-): \_\_\_\_\_

Other Explanation: